



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/17/2002

GAIN Report #ES2002

El Salvador

Agricultural Situation

Crop Damage Assessment

2002

Approved by:

Frank Coolidge, Ag. Counselor

U.S. Embassy, Guatemala

Prepared by:

Miguel Herrera, Ag. Specialist

Report Highlights:

The Government of El Salvador (GOES) is preparing for a possible drought situation caused by the "El Niño" phenomenon. According to a Ministry of Agriculture (MAG) survey, out of 262 municipalities nationwide, 66 have been identified to be at the highest risk. Usually, corn is the most sensitive crop to a drought situation. However, other crops such as beans, rice, sorghum and coffee could result affected if the intensity of the drought is severe. Updated corn and rice PSD's have been included in this report.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Guatemala [GT1], ES

TABLE OF CONTENTS

Executive Summary	1
PSD Table	2
Corn	2
PSD Table	3
Rice, Milled	3
Impacts of the 1997-1998 and 2001 Droughts	4
Estimated Impact of 2002 "El Niño"	4
Preventive Action Plan to Reduce Drought Damage	5
Import Trade Matrix	6
Corn	6
Import Trade Matrix	7
Rice, Milled	7

Executive Summary

The Government of El Salvador (GOES) is preparing for what seems to be another drought situation much like the one suffered back in 1997-1998. According to the National Service for Territorial Studies (SNET), there is a possibility of another "El Niño" phenomenon occurring in the winter season of 2002. The SNET has received information from the National Oceanic and Atmospheric Administration (NOAA) that the Pacific Ocean temperatures off the coast of South America are warming up. This warming of the Pacific Ocean usually indicates that the phenomenon is forming, however at this stage it's too early to determine the potential force that it will generate. Even though the impact to Salvadoran agriculture can't be determined at this stage, the GOES has launched an action plan to prepare for what seems to be another natural disaster that has the potential to damage a major portion of El Salvador's agricultural production.

The GOES has identified the eastern departments of Usulután, San Miguel, Morazán and La Unión as the most vulnerable to this phenomenon. One must remember also that this same region was ravaged by a devastating earthquake in February 2001. In addition, another localized drought affected this area of the country in June 2001. Usually, corn is the crop that is most sensitive to this type of phenomenon. However, depending on the intensity of the drought other crops such as rice, sorghum, beans and coffee can be affected.

The GOES actions thus far have delegated the Ministries of Agriculture (MAG) and Environment, the National Family Secretariat (SNF) and the army to carry out different tasks to try to lessen the impact of the drought. The GOES has not been shy in calling upon the international community for assistance. The World Food Program (WFP) has offered their

in-country food reserves to assist the population affected by the drought. However, WFP is worried that this is not enough and approximately 40,000 families would be affected by the lack of rain in the upcoming winter season.

USDA has more than a million dollars of earthquake reconstruction assistance funds that remain not programmed and could be used for food security measures as needed. USDA/FAS San Salvador will continue to monitor this event and asks PECAD in Washington to do the same.

PECAD report Central America Approaches 2002/2003 Crop Season with El Niño Concerns has been shared with the GOES Ministry of Agriculture. FAS/SS will share the regional PSD balance sheet with MAG after the May USDA release.

PSD Table						
Country	El Salvador					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	300	261	292	296	0	296
Beginning Stocks	24	58	19	28	34	22
Production	650	581	597	564	0	567
TOTAL Mkt. Yr. Imports	400	362	400	409	0	414
Oct-Sep Imports	400	362	400	409	0	414
Oct-Sep Import U.S.	290	353	296	375	0	380
TOTAL SUPPLY	1074	1001	1016	1001	34	1003
TOTAL Mkt. Yr. Exports	5	2	2	2	0	2
Oct-Sep Exports	5	2	2	2	0	2
Feed Dom. Consumption	500	420	425	427	0	430
TOTAL Dom. Consumption	1050	971	980	977	0	983
Ending Stocks	19	28	34	22	0	18
TOTAL DISTRIBUTION	1074	1001	1016	1001	0	1003

PSD Table						
Country	El Salvador					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	13	6	8	6	0	6
Beginning Stocks	10	3	10	11	7	7
Milled Production	40	31	30	24	0	23
Rough Production	62	48	46	37	0	35
MILLING RATE (.9999)	6500	6500	6500	6500	0	6500
TOTAL Imports	45	47	46	44	0	48
Jan-Dec Imports	35	47	46	44	0	48
Jan-Dec Import U.S.	41	43	42	40	0	44
TOTAL SUPPLY	95	81	86	79	7	78
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	85	70	79	72	0	74
Ending Stocks	10	11	7	7	0	4
TOTAL DISTRIBUTION	95	81	86	79	0	78

Impacts of the 1997-1998 and 2001 Droughts

The last time "El Niño" visited Salvadoran territory was between 1997 and 1998. At that time, corn was the most affected crop. According to a MAG survey, approximately 168,000 metric tons of corn were lost. This number represents a 25.2 percent drop in national production estimated at 667,000 metric tons. Coffee was the second most affected crop with a 17.1 percent drop in total production. Approximately 408,000 60 kg. bags of green coffee were lost. Lastly, shrimp production was reduced by 16.3 percent with a total loss of 1,200 metric tons of exportable production.

The 2001 drought affected 44 municipalities in the departments of San Miguel, La Union, Usulután and Morazan. Most affected crops were corn, beans, sorghum, rice and watermelon. Jointly these crops accumulated a loss of 113,400 metric tons. This situation was especially harsh to affected farmers because of damage already suffered by the February 2001 earthquake. Most of these farmers lost their homes and spent their minimal savings in purchasing basic household effects. Added to this is the lack of income in the area mainly due to drastically reduced cultivation practices in coffee farms because of low international coffee prices. These people are living on the economic edge and when prices are low or crops fail they suffer enormous hardships.

Estimated Impact of 2002 "El Niño"

According to a crop damage assessment carried out by the MAG, this time around El Salvador could lose up to 60 percent of the national corn crop. The MAG estimates 2002/2003 corn production at 567,150 metric tons. Taking into account actual market prices, total economic loss is estimated at 72.8 million dollars. Other crops could be affected, but this damage would depend on the intensity and duration of the drought. In the case of corn, El Salvador produces three harvests annually, one in June, another in September and the third in December-January. The MAG believes that if the drought happens to affect the first harvest, there is a good chance to recover with the other two harvests. However, if the drought affects the December-January harvest, the only way to alleviate product shortage would be to import from other countries that produce white corn.

The MAG has conducted a survey to identify the areas of the country that would be most affected by the 2002 drought. According to this survey, out of the 262 municipalities nationwide, 66 have been identified to be at the highest risk. Following is a table that shows risk levels in corn production:

Risk Level	Municipalities affected	Area Harvested (Hectares)	Total Production Percentage Loss
Low	71	59,043	5

Moderate	151	169,080	30
Severe	66	67,757	60

At this moment the MAG has not provided any potential damage assessment to other crops. However, the Salvadoran Rice Millers Association (ASALBAR) believe that if rice becomes affected by the drought, they would rely on imports mainly from the United States. Last year, rice was one of the crops least affected by the drought with a loss of only 817 metric tons on a rough basis. El Salvador is not self sufficient in rice production and usually imports from other countries to fulfill demand. Actual local demand is estimated at 108,275 metric tons of rough rice. Local production only covers 33 percent of local demand and the rest is imported. In 2002, ASALBAR is estimating that El Salvador will need to import approximately 68,000 metric tons of rough rice to satisfy demand.

Preventive Action Plan to Reduce Drought Damage

As mentioned before, the GOES is designing an action plan to mitigate the impact of "El Niño" on local agriculture. The first measure announced by the MAG is for farmers in the high risk areas to refrain from planting corn during the months of May and June. The idea is to wait and see how the phenomenon develops and decide when it would be appropriate to begin planting in order to reduce economic loss. The MAG is also planning to repeat the programs that were used in 2001 to satisfy national corn demand. One of those programs was "Plan Sembrador" under which the ministry provided basic grain seeds to more than 2,000 farmers in 35 municipalities. However, the MAG selected farmers located in low risk areas of the country in order to assure a productive crop. The other plan was "Plan Granero" which provided food to approximately 25,000 families that reside in high risk areas and were not able to plant a new corn crop due to the lack of soil humidity in those areas.

Other actions taken included the distribution of small grain silos to farmers affected by the 2001 drought. According to the MAG, to date about 4,800 silos have been distributed with capacity to store approximately 1,000 metric tons of basic grains. Another 3,000 silos will be distributed by May 2002. The MAG has also invested resources in the construction of 100 water reservoirs scattered in the central and eastern departments of El Salvador. One of the Non-Government Organizations (NGO's) working in El Salvador, PCI, has been creating small water reservoirs in La Union the past few years.

At a regional level, El Salvador has been working through the Central American Integration System (SICA) to identify areas where the Central American nations can work together to alleviate the damage of "El Niño" or any other natural disaster. Some recommendations were:

- Sharing information on climate changes.
- Promoting the use of a regional basic grain production balance sheet.

- Review of forest and environment policies that have been successful in the past in controlling forest fires.

According to the WFP, the bottom line is that El Salvador has drained it's resources in order to repair damages inflicted by back-to-back earthquakes in 2001. The President of El Salvador has announced that he would begin to search for international cooperation in order to provide adequate food security and avoid a case of famine in the local population.

Import Trade Matrix			
Country	El Salvador		
Commodity	Corn		
Time period	MY	Units:	MT
Imports for:	2001		2002
U.S.	353001	U.S.	374550
Others		Others	
Argentina	5531	Argentina	7,500
Guatemala	2283	Guatemala	3000
Total for Others	7814		10500
Others not Listed	457		23500
Grand Total	361272		408550

Import Trade Matrix			
Country	El Salvador		
Commodity	Rice, Milled		
Time period	MY	Units:	MT
Imports for:	2001		2002
U.S.	42745	U.S.	40250
Others		Others	
Australia	2107	Australia	2000
Honduras	957	Honduras	1000
Guatemala	647	Guatemala	850
Mexico	325		
Total for Others	4036		3850
Others not Listed	382		250
Grand Total	47163		44350